

Exhibit B

License Number _____

Draft

Effective _____

Licensing Agreement for Grain

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Licensing Agreement for Grain

As a condition of licensing under the United States Warehouse Act (the Act), the warehouse operator agrees to the conditions set forth in this agreement and the regulations found at 7 CFR 735:

I. Definitions

Bin. A bin, tank, interstice, or other container in a warehouse in which bulk grain may be stored.

Current assets. Assets, including cash, that are reasonably expected to be realized in cash or sold or consumed during the normal operating cycle of the business or within one year if the operating cycle is shorter than one year.

Current liabilities. Those financial obligations which are expected to be satisfied during the normal operating cycle of the business or within one year if the operating cycle is shorter than one year.

Dockage. Dockage in grain as defined by the official grain standards of the United States.

Grain. All products commonly classed as grain such as wheat, corn, oats, barley, rye, flaxseed, rough, brown, and milled rice, sunflower seeds, field peas, soybeans, emmer, sorghum, safflower seed, triticale, millet and such other products as are ordinarily stored in grain warehouses, subject to the disapproval of the Farm Service Agency.

Licensed inspector and/or weigher. A person licensed under the Act to sample, inspect and/or weigh grain and certificate the grade and/or weight of grain stored at a grain warehouse licensed under the Act.

Net Worth. When liabilities are subtracted from allowable assets, it is the balance amount. In determining allowable assets, credit may be given for appraisal of real property less improvements and for the appraisal of insurable property such as buildings, machinery, equipment, and merchandise inventory only to the extent that such property is protected by insurance against loss or damage by fire, lightning, and other risk. Such insurance must be in the form of lawful insurance policies issued by insurance companies authorized to do such business and subject to service of process in the State in which the warehouse is located. The Farm Service Agency will determine what assets are allowable and under what conditions appraisals may be used.

Non-storage grain. Grain received temporarily into a warehouse for conditioning, transferring, assembling for shipment, or lots of grain moving through a warehouse for current merchandising or milling use, against which no warehouse receipts are issued and no storage charges assessed. The merchandising or milling stocks held in storage as reserve stocks, or stored for use at an indefinite future date, may not be treated as non-storage grain.

Storage grain. All grain received into, stored in, or delivered out of the warehouse which is not classified as non-storage.

II Financials

1. Financial Requirements

1. The warehouse operator agrees to have and maintain:

1. total net worth of at least the amount obtained by multiplying \$0.25 by the warehouse capacity in bushels; however, no person may be licensed or

remain licensed as a warehouse operator unless that person has allowable net worth of at least \$50,000.00 (Any deficiency in net worth above the \$50,000.00 minimum may be supplied by an increase in the amount of the financial assurance).

2. total allowable current assets equal to or exceeding total current liabilities or evidence acceptable to the Farm Service Agency that funds will be and remain available to meet current obligations.

2. If a warehouse operator is licensed or is applying for licenses to operate two or more warehouses, the maximum capacity of all licensed warehouses, as determined by the Farm Service Agency, will be the capacity considered in determining whether the warehouse operator meets the net worth requirements.

2. Financial Reporting

1. The warehouse operator agrees to provide annually, within 90 days of the fiscal year end, or more frequently if required, to the Farm Service Agency, financial statements from the warehouse operator's records prepared according to generally accepted accounting principles. The Farm Service Agency may grant one 30 day extension to provide a financial statement.

2. These financial statements must include but not be limited to:

- a. balance sheet,
- b. statement of income (profit and loss),
- c. statement of retained earnings, and
- d. statement of cash flows.

3. An authorized representative for the warehouse operator must certify under

penalty of perjury that the statements, as prepared, accurately reflect the financial condition of the warehouse operator as of the date designated and fairly represent the results of operations for the period designated.

4. The warehouse operator must have the financial statements required audited or reviewed by a certified public accountant or an independent public accountant.

Audits and reviews by independent certified public accountants and independent public accountants must be made in accordance with standards established by the American Institute of Certified Public Accountants. The accountant's certification, assurances, opinion, comments, and notes on this statement, must be furnished along with the financial statements. The Farm Service Agency may also require an on-site examination and an audit by an authorized officer or agent of the United States Department of Agriculture and request other pertinent information.

3. Accepting Other Financial Statements

1. Financial statements of a parent company which separately identify the financial position of the warehouse operator as a wholly owned subsidiary and which meet the basic requirements of financial statements, may be accepted by the Farm Service Agency in lieu of the warehouse operator meeting such requirements.
2. Guaranty agreements from a parent company submitted on behalf of a wholly owned subsidiary may be accepted by the Farm Service Agency as meeting the basic requirements of financial statements if the parent company submits a financial statement which meets the financial requirements and financial

reporting requirements.

4. Special Cases: Assets and Liabilities

1. Subject to such terms and conditions as the Farm Service Agency may prescribe and for the purposes of determining allowable assets and liabilities, appraisals of the value of fixed assets in excess of the book value claimed in the financial statement submitted by a warehouse operator to conform with the requirements may be allowed if
 1. prepared by independent appraisers acceptable to the Farm Service Agency and
 2. the assets are fully insured against casualty loss.
2. All grain purchased from and remaining in-store at another warehouse must be fully paid for and a warehouse receipt issued in the name of the purchasing warehouse operator for such quantity and quality as the warehouse operator's records or assets may state.

5. Financial Special Conditions - Public Debt Obligations

The warehouse operator agrees that if they file a bond in the form of either a deposit of public debt obligations of the United States or other obligations which are unconditionally guaranteed as to both interest and principal by the United States:

1. The obligation deposited will **NOT** be considered a part of the warehouse operator's assets.
2. A deficiency in total allowable net worth as computed may be offset by the licensed warehouse operator furnishing acceptable financial assurance for the difference.

3. The deposit may be replaced or continued in the required amount from year to year; and
4. The deposit will not be released until one year after cancellation or revocation of the license that it supports or until satisfaction of any claim against the deposit, whichever is later.

III. Financial Assurance

1. Financial Assurance Requirements - Computation

The warehouse operator agrees:

1. to furnish financial assurance computed at the rate of twenty cents (\$0.20) per bushel for the first million bushels of storage space, fifteen cents (\$0.15) for the second million bushels of storage space, and ten cents (\$0.10) for the balance of storage space that the warehouse accommodates when stored in the manner customary to the warehouse as determined by the Farm Service Agency, but not less than fifty thousand dollars (\$50,000.00) nor more than five hundred thousand dollars (\$500,000.00).
2. when applying for licenses to operate two or more warehouses in the same State, or multiple states, and at the warehouse operator's election, they may provide financial assurance meeting the requirements of the Act and the regulations to cover all these warehouses within the multiple states and the maximum of five hundred thousand dollars (\$500,000.00) of financial assurance will apply for each State covered.
3. in case of a deficiency in net worth above the fifty thousand dollars (\$50,000.00) minimum required, to add to the amount of financial assurance

determined in accordance with paragraph (1) of this section an amount equal to that deficiency. If a letter of credit is used for the amount of the deficiency, it must be issued for a period of not less than two years to coincide with the period of any deposit of obligations. Any letter of credit must be clean, irrevocable, issued by a commercial bank payable to the Farm Service Agency by sight draft and insured as a deposit by the Federal Deposit Insurance Corporation. The deposit will not be considered an asset of the company.

4. if the Farm Service Agency finds that conditions exist which warrant requiring additional financial assurance, to add to the amount of financial assurance a further amount to meet such conditions.

B Financial Assurance - Acceptable Forms

The warehouse operator may offer as financial assurance any of the following:

1. A warehouse operator's bond, or
2. In the form of a deposit with the Farm Service Agency, United States bonds, United States Treasury notes, or other public debt obligations of the United States or obligations that are unconditionally guaranteed as to both interest and principal by the United States, or
3. In the form of a letter of credit issued to the Agency for a period of not less than two years to coincide with the period of any deposit of obligations, or
4. In the form of a certificate of participation in and coverage by an indemnity or insurance fund as approved by the Farm Service Agency, established and maintained by a State, backed by the full faith and credit of the applicable State, and which guarantees depositors of the licensed warehouse full indemnification

for the breach of any obligation of the licensed warehouse operator under the terms of the Act and regulations, or

5. Other forms of financial assurance as may be prescribed in the applicable licensing agreement and related addenda deemed acceptable by the Farm Service Agency.

IV Duties of Warehouse Operator

1. General : The warehouse operator agrees to:
 1. at all times exercise such care in regard to grain in custody as a reasonably careful owner would exercise under the same circumstances and conditions.
 2. to not differentiate among depositors regarding use of and access to services, except that available storage space may be allocated.
 3. accept all storage and non-storage grain and, at the request of the depositor, deliver out all storage and non-storage grain, other than specially-binned grain, in accordance with the grades of that grain as determined by a person duly licensed to inspect that grain and to certificate the grade and the weight of that grain under the Act and the regulations; or
 4. if an appeal from the determination of an inspector has been taken, that grain will be accepted for and delivered out of storage in accordance with the grades as finally determined in the appeal.
 5. keep the warehouse reasonably clean at all times and free from straw, detritus, rubbish, or accumulations of materials that will create a hazard or interfere with the handling of grain and provide a safe environment in and around the warehouse and will provide all necessary assistance in the execution of

inspections and examinations by representatives of the Farm Service Agency.

6. maintain sufficient inventory of grain in licensed storage with respect to quality and quantity as evidenced by the outstanding storage obligations (warehouse receipted and not warehouse receipted) and, in case the grades of stored grain should get out of balance with grades represented by outstanding storage obligations, to effect the necessary corrective actions to regain the quality and quantity equity.

2. Insurance

1. Requirements: The warehouse operator agrees to:

1. secure, in their own name, insurance on stored grain against loss or damage by fire, lightning, and other risk under forms of policies which automatically attach for the full replacement value of stored grain, as soon as such grain is placed in their legal custody, and continue such insurance in effect so long as the grain remains in their legal custody. The warehouse operator also agrees to keep a general insurance account showing the policy number, issuing company, amount binding, and expiration dates of all insurance policies and in each instance show the property covered by such policies. This insurance will be lawful policies issued by one or more insurance companies. The warehouse operator must submit such reports to underwriters as may be required under the terms of such policies, and submit copies of such reports to the Farm Service Agency as required.
2. show, in the tariff to be posted at all delivery points, the conditions under which the grain will be insured against loss or damage by fire, lightning,

and other risk.

3. require that the warehouse operator's insurance company give 30 days advance notice to the Farm Service Agency of intent to cancel the stock (inventory) coverage.

3. Records to be kept in a Safe Place

The warehouse operator agrees to:

1. provide a fireproof safe, a fireproof vault, or a fireproof compartment in which to keep, when not in use, all records, books, and papers pertaining to the licensed warehouse, including a current warehouse receipt book, copies of warehouse receipts issued, and canceled warehouse receipts or microfilm copies of canceled receipts, except that, with the written consent of the Farm Service Agency, upon a showing by the warehouse operator that it is not practicable to provide such fireproof safe, vault, or compartment, may keep such records, books, and papers in some other place of safety, approved by the Farm Service Agency.
2. retain each canceled receipt for a period of six years after December 31 of the year in which the warehouse receipt is canceled and for such longer period as may be necessary for the purposes of any litigation which the warehouse operator knows to be pending, or as may be required by the Farm Service Agency in particular cases to carry out the purposes of the Act.
3. arrange canceled warehouse receipts in numerical order and otherwise in such manner as may be directed, for purposes of audit, by authorized officers or agents of the United States Department of Agriculture and the Farm Service

Agency.

4. Scales and Bin Numbers

The warehouse operator agrees to:

1. be equipped with suitable scales in good order, and so arranged that all grain, whether for storage or for non-storage purposes, can be weighed in and out of the warehouse. The scales in any warehouse must be subject to examination by authorized officers or agents of the United States Department of Agriculture and to disapproval by the Farm Service Agency. If disapproved, any weighing apparatus must not thereafter be used in ascertaining the weight of grain for the purposes of this Act, until such disapproval is withdrawn
2. cause both bulk grain bins and compartments for sacked grain of all warehouses licensed under the Act to be identified by means of clearly discernible numbers securely affixed. The series of numbers to be used must be approved by the Farm Service Agency. Bulk grain bins must be numbered so as to be easily identified at the openings on top and also on or near the outlet valves underneath. Compartments must be numbered in such a manner as clearly showing the space covered by each number.
3. apply for licensing at all facilities controlled by them at a specific location, among which grain may be transferred without weighing, unless those facilities are specifically exempted by the Farm Service Agency. The warehouse operator must not select, randomly, the bins to be licensed unless specifically exempted by the Farm Service Agency.

5. Warehouse Charges

The warehouse operator must:

1. not make any unreasonable or exorbitant charge for services rendered.
2. before a license to conduct a warehouse is granted under the Act, file, with the Farm Service Agency, a copy of their rules and a schedule of charges to be assessed depositors.
3. before making any change in such rules or schedule of charges, file with the Farm Service Agency a new rule statement or schedule of charges.
4. post conspicuously where the depositor may access it at all delivery points, a copy of the current rules and schedule of charges.

6. Business Hours

The warehouse operator agrees to:

1. be open for the purpose of receiving grain for storage and delivering grain out of storage and for settlement purposes every normal business day for a period of not less than six hours between the hours of 8 a.m. and 6 p.m. The warehouse operator must post their business hours at the public entrance to the office and to their licensed warehouse.
2. in case the warehouse is not to be kept open as required, state, in the posted notice, the period during which the warehouse is to be closed and the name, the address, and telephone number of the person who will be authorized to receive and deliver grain stored in the warehouse.

7. System of Accounts

The warehouse operator agrees to:

1. have and maintain a system of accounts approved for the purpose by the Farm

Service Agency. This system of accounts must include an accurate and concise daily position record showing, as activity occurs, the total quantity of each kind and class (and the subclass white club wheat) of grain in licensed space:

- a. Total grain unloaded into the warehouse,
 - b. Total grain loaded out of the warehouse,
 - c. Total grain adjustments,
 - d. Total grain remaining in the warehouse at the close of each business day,
 - e. Total obligations transferred to another warehouse,
 - f. Total negotiable and non-negotiable warehouse receipts issued, canceled, and balance outstanding,
 7. Total increase, decrease, and outstanding un-receipted obligations belonging to others including grain bank,
 8. Total grain owned by the warehouse operator for which warehouse receipts have not been issued, and
 9. Total grain obligations.
2. maintain a separate set of records for each depositor showing the kind, class (and the subclass white club wheat), grade, and quantity of grain deposited or redelivered which must include a detailed record of all money received and disbursed and, if applicable, all insurance policies taken out and canceled on request of each depositor. These records will be maintained accurately and concisely as activity occurs. The warehouse operator must retain these records for a period of six years after December 31 of the year in which they were created, and for such longer period as may be necessary for the purposes of any

litigation which the warehouse operator knows to be pending, or as may be required by the Farm Service Agency in particular cases to carry out the purposes of the Act.

3. maintain similar records and information for any non-storage grain handled through the warehouse. Records required with respect to non-storage grain must be retained, as a part of the records of the warehouse, for a period of one year after December 31 of the year in which the lot of non-storage grain is delivered from the warehouse.

H. Excess Storage and Transferring Grain

The warehouse operator agrees that:

1. If at any time grain stored in the warehouse exceeds the capacity for which the warehouse is licensed, the warehouse operator will immediately notify the Farm Service Agency of the fact and the location of excess storage.
2. If they desire to transfer stored grain to another warehouse (receiving), the warehouse operator may do so either by physical movement of the stored grain or by other methods accepted as standard industry practice subject to the following terms and conditions:
 1. The transferring (shipping) warehouse operator's accepted rules or schedule of charges must contain notice that the warehouse operator may transfer grain according to conditions prescribed by the Farm Service Agency.
 2. The warehouse operator must request permission in writing to the Farm Service Agency.

3. For purposes of transferring grain, a receiving warehouse means a warehouse operated by a warehouse operator who holds an un-suspended, un-revoked grain license under the United States Warehouse Act, or a warehouse operated by a warehouse operator who holds an effective warehouse license for the public storage of grain issued by a State that has financial, bonding and examination requirements for the benefit of all depositors or, in the case of warehouses operating in a State without licensing authorities, warehouses with approved Uniform Grain and Rice Storage Agreements with the Commodity Credit Corporation.
4. Non-negotiable warehouse receipts must be obtained promptly by the shipping warehouse operator from the receiving warehouse operator for all warehouse receipted or open storage transferred grain. Such warehouse receipts must have printed or stamped in large bold or outline letters diagonally across the face and covering the face from corner to corner the words "NOT NEGOTIABLE". In the case of grain shipped to a warehouse in a State that doesn't allow issuance of non-negotiable warehouse receipts, the receiving warehouse operator will issue an affidavit specifying the kind, class (and the subclass white club wheat), grade and quantity of the grain received from the shipping warehouse operator. These receipts and affidavits are not valid for collateral purposes. They must be retained by the shipping warehouse operator to be presented to and used by authorized officers and agents of the United States Department of Agriculture, and the Farm Service Agency in lieu of an

on-site inventory. The grain covered by these warehouse receipts and affidavits is not the property of either the receiving or shipping warehouse operator but held in trust by both solely for the benefit of the depositors whose bailed grain was transferred individually or collectively and which the depositor or the depositor's transferee retains title.

5. The shipping warehouse operator's financial assurance amount must be increased to consider the addition of the transferred grain to the licensed capacity of the warehouse with the net worth requirements based on the total of the licensed capacity and the transferred grain. The receiving warehouse operator must not incur storage obligations that exceed the licensed or approved capacity of their warehouse.\
6. The shipping warehouse operator retains storage obligation to the owners of all grain deposited in the warehouse for storage, whether transferred or retained, and is, except as otherwise agreed upon under paragraph (g), required to redeliver the grain upon demand to the depositor or the depositor's transferee at the warehouse where the grain was first deposited for storage.
7. The owner of grain deposited for storage at the warehouse must make settlement and take delivery at the warehouse where the grain was first deposited for storage, unless the owner of the grain, with the consent of both the shipping warehouse operator and the receiving warehouse operator, elects to take delivery at the warehouse to which grain was transferred.
8. Nothing in this agreement will in any way diminish the right of the owner of

the grain to receive on delivery, or the obligation of the warehouse operator of a licensed warehouse from which the product is transferred, to deliver to the owner, grain in the quantity, and of the kind, quality, class (and the subclass white club wheat) and grade, called for by the warehouse receipts or other evidence of storage.

9. Recording and retention of non-negotiable warehouse receipts received as a result of transferring grain under this section will be subject to the requirements for warehouse receipts.

10. A receiving warehouse operator must not transfer or offset to another warehouse, in any manner, their obligation to the shipping warehouse operator.

I. Reports Required

The warehouse operator agrees to:

1. when requested by the Farm Service Agency, make such reports, on forms prescribed and furnished for the purpose by the Farm Service Agency, concerning the condition, contents, operation, and business of the warehouse.
2. keep on file, as a part of the records of the warehouse, for a period of three years after December 31 of the year in which submitted, an exact copy of each report submitted.

10. Inspections, Examinations of Warehouse

The warehouse operator agrees to permit any officer or agent of the United States Department of Agriculture, authorized by the Farm Service Agency, to enter and inspect or examine on any business day during the usual hours of business, any

warehouse for which they hold a license, the office, the books, records, papers, and accounts relating, and the contents thereof and will furnish that officer or agent the assistance necessary to enable making any inspection or examination.

K. Loading Out Without Weighing

The warehouse operator may:

1. load out identity-preserved grain without weighing for which the owner has agreed to assume all shortages, provided that the warehouse receipts covering this grain have been surrendered to the warehouse operator.
2. at the request of the owner, load out fungible grain without weighing.

Destination weights are to be obtained and posted as soon as possible. Any interim weight certificate issued by the shipping warehouse operator must clearly show the weight as an estimate.

12. Storage of Identity Preserved Grain

1. The warehouse operator may elect **not** to accept and store identity preserved grain.
2. If electing to accept and store bulk identity-preserved grain, the warehouse operator agrees to:
 1. clearly mark with identification each bag or container.
 2. maintain records that clearly show the location of all identity-preserved grain stored in the warehouse.

13. Containerized Grain Storage

The warehouse operator agrees to keep containerized grain stored in an orderly manner so as to permit easy access to all lots and to facilitate inspecting, sampling,

counting and identification of each lot.

N. Delivery of Fungible Grain

The warehouse operator must:

1. upon proper presentation of a warehouse receipt for any grain, other than identity-preserved grain, and, if requested by the warehouse operator, payment of all accrued charges associated with the storage of the grain, deliver to the depositor or lawful holder of the warehouse receipt, grain in the quantity, and of the kind, quality, class (and the subclass white club wheat) and grade, called for by the warehouse receipts or other evidence of storage; or
2. upon proper presentation of a warehouse receipt for any identity-preserved grain and, if requested by the warehouse operator, payment of all accrued charges associated with the storage of the grain, deliver to the person lawfully entitled thereto, the identical grain stored in the warehouse.

15. Storage Obligations

The warehouse operator, while authorized to commingle grain in store, is liable to each depositor for the care and delivery of grain stored as if the grain were separately stored. The warehouse operator is free to store in any manner that results in their ability to produce grain, as a bailee for hire, that meets or exceeds the quantity and quality specifications of the warehouse receipt or the original delivery receipt (scale ticket).

16. Out of Condition and Damaged Grain

The warehouse operator may refuse to accept grain offered for storage if its condition is such that it will affect the condition of existing grain in the warehouse unless the warehouse operator chooses to separately bin and condition the grain.

Q. Reconditioning Grain

The warehouse operator agrees to:

1. Immediately notify the owners and the Farm Service Agency when grain is going out of condition and where the warehouse operator is unable to condition the grain and stop the deterioration , and
2. Follow instructions received.

18. Warehouse Receipts

1. The warehouse operator when choosing the option to issue Electronic Warehouse Receipts (EWRs) instead of paper warehouse receipts for the agricultural product(s) stored in their warehouse agrees to:
 1. Only issue EWRs through a provider whom the Farm Service Agency has approved.
 2. Receive written approval from the Farm Service Agency at least 30 calendar days before changing providers. Upon approval a warehouse operator may request their current provider to transfer their EWR data from its Central Filing System (CFS) to the CFS of the approved provider whom they select. Warehouse operators must notify all holders of EWRs by inclusion in the CFS at least 30 calendar days before changing providers, unless otherwise required or allowed by the Agency. Warehouse operators may only change providers once a year.
 3. Cancel EWRs only when they are the holder of the receipt(s)
 4. Correct information on the EWR only with written notification to the provider.

5. Before issuing EWRs, request and receive from the Farm Service Agency a range of consecutive warehouse receipt numbers which the warehouse operator will use consecutively for issuing their EWRs.
 6. Issue warehouse receipts initially as EWRs.
 7. Inform the Farm Service Agency of the identity of their provider 60 calendar days in advance of issuing EWRs through that provider. The Farm Service Agency may waive or modify this 60-day requirement as set forth under 7 CFR 735.2(b).
2. The warehouse operator will ensure that an issued EWR establishes the same rights and obligations with respect to an agricultural product as a paper warehouse receipt, and possess the following attributes that:
1. The person identified as the 'holder' of a EWR will be entitled to the same rights and privileges as the holder of a paper warehouse receipt.
 2. Only the current holder of the EWR may transfer the EWR to a new holder.
 3. The identity of the holder must be included as additional information for every EWR.
 4. An EWR will only designate one entity as a holder at any one time.
 5. An EWR will not be issued for a specific identity preserved or a commingled agricultural product lot if another receipt, whether paper or electronic, representing the same specific identity preserved or commingled lot of agricultural product is outstanding. No two warehouse receipts issued by a warehouse operator may have the same receipt number or represent the same agricultural product lot.

6. An EWR may only be issued to replace a paper receipt if requested by the current holder of the paper warehouse receipt.
7. An EWR allows a holder the option to authorize any other user of a provider to act on their behalf with respect to their activities with their provider. This authorization must be in writing, acknowledged, and retained by the provider.
8. Provisions of 7 CFR 735.301(c) will be applicable to lost or destroyed EWRs.
9. Only the current EWR holder may request a paper warehouse receipt in lieu of a EWR with respect to an agricultural product.

5. Paper Warehouse Receipts

1. Issuance: the warehouse operator agrees to:
 1. issue warehouse receipts for any grain stored in a warehouse at the request of a depositor.
 2. prior to issuing any warehouse receipt under the Act, obtain a copy of the original weight certificate, original inspection certificate or original inspection and weight certificate representing the grain. The warehouse operator's records must identify the certificate (s) used as the basis for issuing the receipt and retained for a period of three years after December 31 of the year in which issued. Certificates filed in the office of an independent inspection or weighing agency or with a U. S. Registrar meet this requirement.

B. Form

1. Every warehouse receipt, whether negotiable or non-negotiable, issued for

grain stored in a licensed warehouse must, in addition to complying with the requirements of section 11 of the Act, embody within its written or printed terms the following:

1. The name of the warehouse operator and the designation, if any, of the warehouse,
 2. The warehouse operator's license number,
 3. The Commodity Credit Corporation contract code number, if applicable,
 4. A statement whether the warehouse operator is incorporated or unincorporated, and if incorporated, under what laws,
 5. In the event the relationship existing between the warehouse operator and any depositor is not that of a strictly disinterested custodianship, a statement setting forth the actual relationship,
 6. A statement conspicuously placed, whether or not the grain is insured, and, if insured, to what extent, by the warehouse operator against loss by fire, lightning, or other risk,
 7. The net weight, including dockage, if any, of the grain.
 8. In the case of grain the identity of which is to be preserved, its identification or location in accordance with the regulations.
 9. The words "Not Negotiable," or "Negotiable," according to the nature of the receipt, clearly and conspicuously printed or stamped thereon.
2. Every negotiable warehouse receipt issued must, in addition to conforming with the requirements of paragraph (a), embody within its written or printed terms, a form of endorsement which may be used by the depositor, or their authorized

agent, for showing the ownership of, and liens, mortgages, or other encumbrances on the grain covered by the receipt.

3. The grade stated in a warehouse receipt must be stated as determined by the inspector who last inspected and graded the grain or, if an appeal has been taken, the grade will be stated on such receipt in accordance with the grade as finally determined in such appeal.
4. If the warehouse operator issues a warehouse receipt omitting the statement of grade on request of the depositor, such receipt will have clearly and conspicuously stamped or written in the space provided for the statement of grade the words "Not graded on request of depositor".
5. If the warehouse operator issues a warehouse receipt under the Act omitting any information not required to be stated, for which a blank space is provided in the form of the receipt, a line will be drawn through such space to show that such omission has been made purposely.

3. Persons Authorized to Sign Warehouse Receipts

The warehouse operator must file with the Farm Service Agency, the name and genuine signature of each person authorized to sign warehouse receipts for the warehouse operator, promptly notify Farm Service Agency of any changes as to persons authorized to sign, file the signatures of such persons, and will be bound by such signatures the same as if the warehouse operator, had personally signed the receipt.

4. Copies of Warehouse Receipts

The warehouse operator agrees that at least one copy of all warehouse receipts must be made and, except skeleton and microfilm copies, have clearly and conspicuously

printed or stamped on the face the words **A**Copy **B** Not Negotiable@

E. Printing of Warehouse Receipts

The warehouse operator agrees to issue only warehouse receipts that:

1. Are in a form prescribed by the Farm Service Agency.
2. Are on distinctive paper or card stock specified by the Farm Service Agency;
3. Printed by a printer with whom the United States has an agreement and bond for such printing; and
4. On paper and/or card stock tinted with ink in the manner prescribed by the agreement.

6. Return of Warehouse Receipts Prior to Delivery

The warehouse operator agrees to:

1. not deliver any grain for which they have issued a negotiable receipt until the receipt has been returned to the warehouse operator and canceled; and
2. not deliver grain for which they have issued a non-negotiable receipt until such receipt has been returned, or they have obtained from the holder or agent, a written order and a receipt upon delivery of 90% (ninety percent) of the quantity.

7. Balance Warehouse Receipts

The warehouse operator, upon request of the holder, may issue a warehouse receipt for previously warehouse receipted grain, the receipt for which has been canceled. The balance warehouse receipt must show the number and issuance date of the original warehouse receipt.

H. Lost or Destroyed Warehouse Receipts

1. The warehouse operator may issue a new warehouse receipt subject to the same terms and conditions, and bearing on its face the number and the date of the original receipt when presented with the case of a lost or destroyed warehouse receipt.

2. Before issuing a replacement warehouse receipt, the warehouse operator must require the holder or other person applying therefor to make and file with the warehouse operator

1. an affidavit showing that the holder is lawfully entitled to the possession of the original warehouse receipt; that the holder has not negotiated or assigned it; how the original receipt was lost or destroyed; and, if lost, that diligent effort has been made to find the warehouse receipt without success.

2. a bond in an amount double the value, at the time the bond is given, of the agricultural product represented by the lost or destroyed warehouse receipt.

This bond will be in a form approved for the purpose by the Farm Service Agency, and will be conditioned to indemnify the warehouse operator against any loss sustained by reason of the issuance of this warehouse receipt. The bond will have as surety a surety company which is authorized to do business, and is subject to administration of process in a suit on the bond, in the State in which the warehouse is located, unless a variance is granted by the Farm Service Agency.

3. Auditing Canceled Warehouse Receipts

The warehouse operator agrees to forward canceled receipts for auditing, as requested, to the Farm Service Agency.

VI. Service Licenses

1. The applicant for service licensing under the Act:

1. must make application for license to inspect and/or weigh grain to the Farm Service Agency on forms furnished by the Agency. Each application must:
 1. be signed by the applicant.
 2. contain or be accompanied by a statement from the warehouse that the applicant is acceptable to such warehouse operator.
 3. if seeking inspection licensing, certification that the applicant can correctly inspect grain in accordance with the official standards of the United States, or in the absence of such standards, in accordance with any standards approved by the Farm Service Agency.
 4. if seeking weighing licensing, certification that the applicant can correctly weigh grain.
 5. furnish such additional information as requested by the Farm Service Agency.

2. Examination of Applicant

As a service license applicant, submit to an examination or test to show ability to properly inspect, grade and/or weigh grain, as the case may be, and also make available for inspection copies of the standards of inspection and grading and the weighing apparatus as the case may be, used or to be used.

C. Inspection Certificate

1. Each inspection certificate issued under the Act by an inspector must be in a

form approved by the Farm Service Agency, and include the following information within its terms:

1. The caption "United States Warehouse Act, Grain Inspection Certificate,@"
 2. Whether it is an original, a duplicate, or other copy, and that it is not negotiable,
 3. The name and location of the warehouse in which the grain is or is to be stored,
 4. A statement showing whether the inspection covers grain moving into or out of the warehouse,
 5. The date of the certificate,
 6. The consecutive number of the certificate,
 7. The approximate quantity of grain covered by the certificate,
 8. The kind of grain covered by the certificate,
 9. The grade of the grain, as determined by such duly licensed inspector, in accordance with official standards and, in the case of grain for which no official standards of the United States are in effect, the standards or description in accordance with which such grain is graded.
 10. A statement that the certificate is issued by an inspector licensed under the U. S. Warehouse Act and the regulations thereunder,
 11. A statement conspicuously placed to the effect that the certificate is not valid for the purposes of the United States Grain Standards Act, and
 12. The signature of the inspector who inspected and graded the grain.
2. In addition to the provisions of paragraph 1, the inspection certificate may

include any other matter consistent with the Act or the regulations, provided the approval of the Farm Service Agency is first secured.

3. In lieu of an inspection certificate in the form prescribed in paragraph one, an official inspection certificate issued pursuant to the provisions of the United States Grain Standards Act, or the Agricultural Marketing Act of 1946 on grain which is stored or to be stored in a warehouse licensed under the Act will be acceptable for purposes of the Act and the regulations.

4. Weight Certificates

1. Each weight certificate issued under the Act by an inspector must be in a form approved for the purpose by the Farm Service Agency, and include the following information within its terms:
 1. The caption "United States Warehouse Act, Grain Weight Certificate,@"
 2. Whether it is an original, a duplicate, or other copy, and that it is not negotiable,
 3. The name and location of the warehouse in which the grain is or is to be stored,
 4. Whether the grain is weighed into or out of the warehouse,
 5. The date of the certificate,
 6. The consecutive number of the certificate,
 7. The net weight, including dockage, if any, of the grain.
 8. A statement that the certificate is issued by a weigher licensed under the U. S. Warehouse Act and the regulations thereunder, and
 9. The signature of the weigher.

2. In addition to the provisions of paragraph 1, the weight certificate may include any other matter consistent with the Act or the regulations in this part provided the approval of the Farm Service Agency is first secured.
3. In lieu of a weight certificate in the form prescribed in paragraph 1 of this section, an official weight certificate issued pursuant to the provisions of the United States Grain Standards Act, or an official weight certificate issued pursuant to the Agricultural Marketing Act of 1946 on grain which is stored or to be stored in a warehouse licensed under the Act is acceptable for purposes of the Act.

5. Grade and Weight Certificate

The grade and weight of any grain, ascertained by an inspector and a weigher, may be stated on a certificate meeting the combined requirements of subsections C and D: provided the form of the certificate is approved for the purpose by the Farm Service Agency.

F. Duties of Inspector and Weigher

Each inspector and weigher whose license remains in effect must:

1. when given grain to inspect, grade and/or weigh under conditions which permit proper inspection and weighing, without discrimination, as soon as practicable and upon reasonable terms, perform the requested services for which licensed.
2. issue a certificate of grade for any grain only if the inspection and grading thereof is based upon a correct and representative sample of the grain.
3. as soon as possible after grading any grain and not later than the close of business on the next following business day, make accessible to the parties

interested in a transaction in which the grain is involved at the location of the license, a copy of the inspection certificate issued by the licensed inspector

4. keep the license to inspect, grade and/or weigh conspicuously posted at the place where those duties are performed or as directed by the Farm Service Agency.
5. permit any authorized officer or agent of the United States Department of Agriculture or the Farm Service Agency or their designee to inspect or examine, on any business day during the usual hours of business, their books, papers, records, and accounts relating to the performance of their duties under the Act and, with the consent of the warehouse operator concerned, assist any such officer or agent in the inspection or examination as far as it relates to the performance of the duties of such inspector or weigher under the Act.
6. keep for a period of one year, in a place accessible to interested parties, a copy of each certificate issued and file the certificate with the warehouse in which the grain covered by the certificates is stored.

VII. Grain Grading

2. Official Grain Standards of the United States

The Official Grain Standards of the United States are hereby adopted as the official grain standards for the purposes of the Act and the regulations.

3. Standards of Grade for Other Grain

Until Official Standards of the United States are fixed and established for the kind of grain to be inspected, the grade of the grain will be stated, subject to the approval of the Farm Service Agency:

1. In accordance with the State standards, if any, established in the State in which the warehouse is located,
2. In the absence of any State standards, in accordance with the standards, if any, adopted by the local board of trade, Chamber of Commerce, or by the grain trade generally in the locality in which the warehouse is located, or
3. In the absence of the standards mentioned in paragraphs 1 and 2 of this section, in accordance with any standards approved for the purpose by the Farm Service Agency.

VIII. Grain Appeals

1. Appeal Procedure

The depositor, holder of the warehouse receipt or the warehouse operator may make an appeal as to the grade of a lot of grain stored or to be stored in a warehouse. If the original grade certificate was issued by an inspector licensed under, or authorized by, the United States Grain Standards Act or the Agricultural Marketing Act, the appeal, including the amount of fees, will be governed by the regulations issued under those Acts respectively; otherwise, the appeal, including fees will be governed by paragraphs B and C of this section.

B. Request for Appeal

1. The warehouse operator agrees to accept a request for an appeal inspection by a depositor or holder of the warehouse receipt made by written notice to the warehouse operator before the identity of the lot of grain has been lost and not later than the close of business on the first business day following furnishing of the statement of original grade

2. If the appeal is requested by the warehouse operator, notice must be given promptly to the owner of the grain. Oral notice may be made if followed by written notice.
 3. Where it is not practical for the warehouse operator to maintain the identity of all grain being received for storage until depositors receive a statement of grade and consequently opportunity for appeal, any depositor or agent before or at the time of delivery of grain may request that the warehouse operator retain the identity of such lot until depositor has been furnished with a statement of grade for the lot and has waived or requested and received an appeal inspection grade.
 4. The warehouse operator need not preserve the identity of the lot in the original conveyance; but with the knowledge and consent of the depositor or agent may use other means to preserve such identity. Further, if compliance with such request would adversely affect receiving, storing or delivering the grain of other depositors, the warehouse operator may defer unloading the grain until such time as would not disrupt service to other depositors but without unnecessary delay to the party making such request.
3. Appeal Sampling, Preservation, Delivery and Examination
1. The lot of grain for which an appeal is requested must be re-sampled in such manner and quantity as the depositor or holder of the warehouse receipt and the warehouse operator agree results in a representative sample of the lot acceptable to each for appeal purposes. If the parties are unable to agree on such a sample, a sample drawn by a duly licensed inspector in the presence of

the interested parties must be deemed binding. In no case will the sample be of less than 2000 grams by weight.

2. The sample must be packaged, to the satisfaction of the interested parties, so as to preserve its original condition.
3. Delivery
 1. For grains for which there are official U.S. Standards, the sample will be secured and delivered to the nearest office charged with providing official inspection service under the United States Grain Standards Act or the Agricultural Marketing Act of 1946. At this point, procedures to determine the grade of the grain will be as set forth in regulations issued under the United States Grain Standards Act or under the Agricultural Marketing Act of 1946, as is applicable.
 2. For grain for which there are no official U.S. Standards, the party requesting the appeal will apply directly to the Farm Service Agency for relief. The Farm Service Agency will determine the appeal based on approved standards and set the required fees. Such determination will be binding on all interested parties.
4. The sample must be accompanied by:
 1. A copy of the written request for appeal,
 2. the grain inspection certificate originally issued, and
 3. an agreement to pay the costs of such inspection as prescribed by the United States Grain Standards Act, the Agricultural Marketing Act or the Farm Service Agency.

5. The sample of the grain involved in the appeal must be examined as soon as possible. Such tests must be applied as are necessary. Unless the appeal is dismissed, a grade certificate must be issued by the person determining the grade, showing the grade assigned by them to such grain. The certificate will supersede the inspection certificate originally issued for the grain involved. The original or a copy of the new grade certificate will be sent to the depositor or holder of the warehouse receipt, the warehouse operator and the licensed inspector making the original determination of grade.
4. Ability to Appeal
 1. No person licensed under the Act, will, directly or indirectly by any means whatsoever, deter or prevent or attempt to deter or prevent any party from taking an appeal.
 2. No rule, regulation, bylaw, or custom of any market, board of trade, Chamber of Commerce, exchange, inspection department or similar organization nor any contract, agreement or understanding, will be grounds for refusing to determine any appeal.
5. Owner Not Compelled to Store Grain

Nothing in this agreement will require the owner or agent to store such grain with the warehouse operator after the appeal inspection, but if the grain is stored it will be accepted for and delivered out of storage in accordance with the grade as finally determined in such appeal.

IX. Fees

The Farm Service Agency is authorized, by the enabling legislation, to assess and

collect fees to cover the administration of the program. A schedule showing the current fees or any annual fee changes will be provided as an addendum to the licensing agreement.

The fees for grain warehouses are detailed in the attached Addendum No. 1.

This agreement forms a part of the license, number _____ for

License Number

at

Warehouse Operator

and is effective

Licensed Location

Date

Warehouse Operator

By

Date

For The Farm Service Agency

ADDENDUM No. 1: FEES

Fee Table *Schedule of fees charged for services rendered*

United States Warehouse Act (effective October 1, 2001)
Fee Table

<i>Grain</i>	<i>License Action Fee</i>	<i>Service License Fee</i>	<i>Inspection Fee</i>	<i>Annual User Fees</i>		
	\$80	\$35	\$16/ 10,000 Bushels or Fractional Part Min \$160 Max \$1,600	Capacities - Range By Functional Unit	CCC Agreement	W/o CCC Agreement
				1 to 150,000 Bushels	\$145	\$290
				150,001 to 250,000 Bushels	295	585
				250,001 to 500,000 Bushels	435	865
				500,001 to 750,000 Bushels	590	1,175
				750,001 to 1,000,000 Bushels	730	1,460
				100,000,001 to 1,200,000 Bushels	875	1,750
				120,000,001 to 1,500,000 Bushels	1,120	2,035
				1,500,001 to 2,000,000 Bushels	1,165	2,325
				2,000,001 to 2,500,000 Bushels	1,310	2,620
				2,500,001 to 5,000,000 Bushels	1,450	2,900
				5,000,001 to 7,500,000 Bushels	1,605	3,205
				7,501,001 to 10,000,000 Bushels	1750	3,500
				10,000,000 + Bushels	*1,750	**3,500
					*Plus \$50 per million bushels capacity above 10,000,000 bales or fraction	**plus \$90 per million bushels capacity above 10,000,000 bushels or fraction